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STATE OF MONTANA
MONTANA COLLEGE OF MINERAL SCIENCE
AND TECHNOLOGY
REPORT ON AUDIT
Conducted Under Contract By
Charles Bailly & Company
Certified Public Accountants
Fiscal Years Ended June 30, 1984 and 1983

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*Montana College of Mineral Science
and Technology*

STATE OF MONTANA
MONTANA COLLEGE OF MINERAL SCIENCE
AND TECHNOLOGY
REPORT ON AUDIT
Conducted Under Contract By
Charles Bailly & Company
Certified Public Accountants
Fiscal Years Ended June 30, 1984 and 1983

STATE OF MONTANA

Office of the Legislative Auditor



STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122

DEPUTY LEGISLATIVE AUDITORS:

JAMES H. GILLETT
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PERFORMANCE AUDITS

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October, 1984

ROBERT R. RINGWOOD
LEGISLATIVE AUDITOR

The Legislative Audit Committee
of the Montana State Legislature:

Transmitted herewith is the report on the audit of the Montana College of Mineral Science and Technology for the year ended June 30, 1984.

The audit was conducted by Charles Bailly and Company, CPAs under a contract between the firm and our office. The comments and recommendations contained in this report represent the views of the firm and not necessarily the Legislative Auditor.

The agency's written response to the report recommendations is included in the back of the audit report.

Respectfully submitted,

A handwritten signature in black ink that reads "Robert R. Ringwood".
Robert R. Ringwood
Legislative Auditor

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APPOINTIVE AND ADMINISTRATIVE OFFICIALS

BOARD OF REGENTS OF HIGHER EDUCATION

Term Expires

Jeffery Morrison, Chairman	1987
Mary Pace, Vice Chairman	1985
Darla Keck, Student Regent	1985
Beatrice McCarthy	1990
Elsie Redlin	1991
Burt Hurwitz	1986
Dennis Lind	1989
Ted Schwinden, Governor, ex officio member	
Ed Argenbright, Superintendent of Public Instruction, ex officio member	

COMMISSIONER OF HIGHER EDUCATION

Dr. Irving E. Dayton, Commissioner of Higher Education, also ex officio member of the Board of Regents

John Noble, Deputy Commissioner for Financial Affairs

ADMINISTRATION

Dr. Fred W. DeMoney, President

Victor D. Burt, Acting Vice President, Fiscal and Administrative Services

MONTANA COLLEGE OF MINERAL SCIENCE AND TECHNOLOGY

LOCAL EXECUTIVE BOARD

Joseph H. Walsh	1985
Mrs. Blanche A. Copenhaver	1986
Arthur J. Korn	1987

SUMMARY OF RECOMMENDATIONS

This listing serves as a means of summarizing the recommendations contained in the report and the audited agency's response.

RECOMMENDATION #1

The College identify different individuals in the bookstore and the library to be responsible for purchasing, receiving and inventory control.

College response: Partially Concur. See page 50

RECOMMENDATION #2

The College consult with the bond indenture trustee and its legal counsel to provide for an amendment to the indenture extending the audit date deadline.

College response: Do not concur. See page 50

RECOMMENDATION #3

The College Financial Aid staff review all disbursement and receipt entries made by the business office to ensure the accuracy of individual loan accounts.

College response: Concur. See page 50

RECOMMENDATION #4

The College follow Section 17-4-104 MCA regarding State Department of Revenue approval of receivables written off.

College response: Concur. See page 50

RECOMMENDATION #5

The College comply with the Montana Operations Manual, Chapter Three, and utilize the required standard request for leave.

College response: Partially Concur. See page 51

RECOMMENDATION #6

The College require the use of written request for system's maintenance and development.

College response: Concur. See page 51

RECOMMENDATION #7

The College follow the federal regulation regarding request for cash for National Direct Student Loans.

College response: Concur. See page 51

RECOMMENDATION #8

The College retain the class lists generated at the time the Report "C" information is generated.

College response: Concur. See page 51

RECOMMENDATION #9

The Commissioner of Higher Education resolve the question of liability related to student organizations and obtain appropriate insurance coverage.

CHE response: Concur. See page 52

General

We performed a financial/compliance audit of the Montana College of Mineral Science and Technology (Montana Tech) for the fiscal years ended June 30, 1984 and 1983. The objectives of our audit were to: (1) determine if the financial statements of the college present fairly its financial position and results of operations for the fiscal years then ended; (2) determine if the college complied with applicable state and federal laws and regulations; (3) make recommendations for the improvement of management and internal controls; and (4) determine whether prior audit recommendations have been effectively implemented.

We thank Montana Tech staff for their cooperation and assistance during our audit.

Background

Montana Tech was established in Butte by the Third Legislative Assembly in 1893. It was initially called the Montana School of Mines and in 1965 the name was changed to Montana College of Mineral Science and Technology.

The college offers degree programs at both the graduate and undergraduate levels in the following engineering fields: geology, geophysics, metallurgy, mineral processing, mining, petroleum and engineering science, and only a baccalaureate program in environmental engineering. A graduate program in geochemistry has been established in collaboration with the University of Montana and Montana State University, and a master program is offered in industrial hygiene. The college also awards four-year degrees in business administration, computer science, occupational safety and health, society and technology, chemistry and mathematics as well as associates degrees in arts, science and engineering and science.

Montana Tech is one of six institutions comprising the Montana University System. Accordingly, the college is under the full control and supervision of the seven-member Board of Regents of Higher Education. A local three-member executive board is appointed by the Governor; however, this board is only advisory in nature.

The original campus is located on land donated by citizens and subsequent expansion has been accomplished through further gifts and purchases.

Also located at the college is the Montana Bureau of Mines and Geology which was established as a department of the college by the 1919 Legislative Assembly. The Bureau is charged with furthering the effective utilization of mineral resources through the investigation of their geology, production, treatment and economics. It disseminates information through publications and by replies to individual inquiries.

The primary sources of revenue to operate the college come from the state's General Fund and University Millage accounts. Other significant sources include student fees, land grant income, auxiliary enterprise operations and federal, state and private grants, gifts and contracts. The Bureau of Mines and Geology is financed by state appropriations and sales and services revenue. The nature and extent of the revenue from these various sources are depicted in the accompanying financial statements.

RECOMMENDATIONS

Internal Control over Purchasing, Receiving and Inventories

In the bookstore and the library, the purchasing, receiving and control of inventories is centralized with one individual and there is no segregation of duties.

RECOMMENDATION

WE RECOMMEND THAT THE COLLEGE IDENTIFY DIFFERENT INDIVIDUALS IN THE BOOKSTORE AND THE LIBRARY TO BE RESPONSIBLE FOR DIFFERENT PARTS OF INVENTORY CONTROLS.

Bond Covenants

Section 3.12 of the college's 1970 Supplemental Bond Indenture requires audited financial statements to be furnished to the trustee within 90 days of the college's fiscal year-end. For the year ended June 30, 1984, as in prior years, the college had not complied with this requirement. College management officials believe that the deadline is presently impractical because of time restrictions resulting from the generation of its year-end adjustments, and their subsequent entry into the statewide budgeting and accounting system.

RECOMMENDATION

THE COLLEGE SHOULD CONSULT THE BOND INDENTURE TRUSTEE AND ITS LEGAL COUNSEL TO PROVIDE FOR AN AMENDMENT TO THE INDENTURE EXTENDING THE AUDIT DATE DEADLINE.

Subsidiary Ledgers of Receivables

Subsidiary details of the total amounts receivable are kept by the business office. A number of the individual subsidiary receivables were incorrect, even though the total receivables were correct. Disbursements for loans were coded to the wrong individual subsidiary accounts.

RECOMMENDATION

WE RECOMMEND THE STAFF OF THE FINANCIAL AID OFFICE REVIEW ALL DISBURSEMENT AND RECEIPT ENTRIES TO ENSURE THEY AGREE WITH THEIR RECORDS.

Write-off of Uncollectible Receivables

Section 17-4-104, M.C.A. requires approval from the State Department of Revenue before a receivable may be written off by the college.

RECOMMENDATION

WE RECOMMEND THE COLLEGE IMPLEMENT PROCEDURES WITH THE STATE DEPARTMENT OF REVENUE TO ENSURE APPROVAL FOR THE WRITING OFF OF UNCOLLECTIBLE ACCOUNTS RECEIVABLE

Employee Leave

The college does not utilize request for leave when employees take leave. Section 2-18-604, M.C.A., gives the Department of Administration authority to promulgate rules and regulations concerning leave. Section 801.14.3 of the Policies and Procedures Manual published by the Commissioner of Higher Education states, in part, that the Montana University System will comply with state statute. The Department of Administration in the Montana Operations Manual, chapter three, requires the use of the standard request for leave.

RECOMMENDATION

WE RECOMMEND THAT THE COLLEGE COMPLY WITH THE MONTANA OPERATIONS MANUAL, CHAPTER THREE, AND UTILIZE THE REQUIRED STANDARD REQUESTS FOR LEAVE

Data Processing Procedures

As part of our audit of the college, we examined the data processing used at the college in compliance with Statement on Auditing Standards No. 3. A discussion of our findings follows:

Procedures for systems' development and maintenance are inadequate. The college uses no formal request for programming changes or improvements. The requests are either handled orally or on scraps of paper. The college should use a formal request procedure. Users should initiate the requests and the users should also subsequently approve the applicable work performed, indicating that the requested task was satisfactorily completed.

RECOMMENDATION

WE RECOMMEND THAT THE COLLEGE REQUIRE THE USE OF WRITTEN REQUESTS FOR SYSTEMS' MAINTENANCE AND DEVELOPMENT. THE REQUESTS SHOULD BE INITIATED AND APPROVED BY THE USERS.

National Direct Student Loan Cash

As part of our audit of the college, we examined all reviews of the college's activities made by other third party organizations. The college's administration of the Title IV Aid Program was reviewed by the Department of Education Office of Certification and Program Review. They found that the college had requested cash in excess of the estimated needs for the next 30-day period, as permitted by the federal procedures and regulations.

RECOMMENDATION

WE RECOMMEND THAT THE COLLEGE STAY WITHIN THE REGULATIONS ESTABLISHED FOR THE TITLE IV AID PROGRAM REGARDING CASH NEEDS

Full-Time Equivalents

The college did not maintain the class lists generated at the 15-day period when the Report "C" information is generated for the state. This made it impossible to trace student enrollment amounts to Report "C" information.

RECOMMENDATION

WE RECOMMEND THE COLLEGE GENERATE AND KEEP THE CLASS LISTS AT THE 15-DAY POINT OF EACH SEMESTER

Student Organization Liability

Each unit in the Montana University System has a student government organization. The students provide funding for the organizations through a mandatory student activity fee, as approved by the Board of Regents. The various elected student governments have control over student activity fees and activities.

These student governments budget and control funding to student groups who use the funds for activities benefiting students. Activities vary by campus and include student newspapers, athletics, campus recreation, concerts, day care and student clubs. Even though the student organizations control the fees, the state, through the Board of Regents, could be recognized as legally responsible for student activities funded by the mandatory student fees. The extent of the state's liability for the student organizations has not been established.

In 1974, a suit was brought against a student newspaper where the plaintiff named a university unit as a defendant since the newspaper was funded by a mandatory fee. The newspaper contended it had a right to be protected and indemnified by the university since the university provided the funds and accounting control

for the newspaper. Since the suit was settled out of court, the liability question was not settled legally. This settlement was paid by the state's liability insurance.

Currently, student organizations are not charged premiums by the state's liability insurance program even though the state may be exposed to a potentially significant liability for student activities.

The liability question should be resolved by the Board of Regents as soon as possible, and proper insurance coverage obtained if appropriate.

RECOMMENDATION

WE RECOMMEND THE BOARD OF REGENTS RESOLVE THE QUESTION OF LIABILITY RELATED TO STUDENT ORGANIZATIONS.

FTE Counts

A major funding criterion for the college is the number of full-time equivalent (FTE) students registered. FTE's are computed in accordance with guidelines published by the Commissioner of Higher Education. We reviewed the FTE counts reported by the college for fiscal years 1982-1983 and 1983-1984 for compliance with published guidelines and accuracy. We found no exceptions at the Montana College of Mineral Science and Technology (see Student Full-Time Equivalent, page 48), but made a recommendation (see page 8).

Federal Grant Compliance

Scope of Audit

Our audit of federal grants and contracts was made in accordance with Standards for Audit of Governmental Organizations, Programs, Activities and Functions 1981 Revision and Office of Management and Budget Circulars A-110 and A-21. The purpose of our audit was to determine whether costs charged to federal grants and contracts were reasonable and allowable. We also reviewed administrative controls and management systems in effect to determine if they were adequate to ensure compliance with federal regulations and grant and contract terms and conditions.

Our audit covered the period July 1, 1982 through June 30, 1984 and was part of an organization-wide audit for that period. The college charged \$3 million to federal grants and contracts during this period. All tested items were in compliance with applicable laws and regulations. Nothing came to our attention that causes us to believe that untested items are not in compliance with applicable laws and regulations. Grantors should note the Montana College of Mineral Science and Technology Foundation is a separate non-profit corporation. It is not a part of the University Accounting System and, therefore, was beyond the scope of our audit.

Prior Audit Recommendations

The fiscal year 1981-82 audit of the Montana College of Mineral Science and Technology, performed by Newland, Horn, Crippen & Peck, P.C., contained twelve recommendations. Eight of the twelve recommendations were implemented, two were implemented in part and two were not implemented. The nonimplemented recommendations relate to bond covenants and liability relating to student organizations, and the two recommendations implemented in part relating to data processing and leave requests are discussed in this report on pages 6 through 9.

Internal Control

We have examined the financial statements of the Montana College of Mineral Science and Technology for the two fiscal years ended June 30, 1984. We issued our opinion dated October 4, 1984, on these statements. As part of our examination, we made a study and evaluation of the system of control of the Montana College of Mineral Science and Technology. Our study evaluated the system as required by generally accepted government auditing standards for financial and compliance audits. We classified the controls in the following categories: revenue/receipts, payroll, expenditures/payables, cash, accounts receivable, inventory, investments, and plant, property and equipment, and federal grants. Through our study, we determined the nature, timing, and extent of our auditing procedures. We did not evaluate the control system to the extent necessary to give an opinion on either individual segments or the system as a whole.

The management of the Montana College of Mineral Science and Technology is responsible for establishing and maintaining a system of accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable assurance that: (1) assets are safeguarded against loss from unauthorized use or disposition; (2) transactions are executed in accordance with management's authorization; and (3) transactions are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Inherent limitations in any system of controls may cause errors or irregularities to remain undetected. The current system evaluation should not be used to project to future periods since the procedures may become inadequate or compliance with them may deteriorate.

The limited purpose of our study described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of controls used by the Montana College of Mineral Science and Technology.

The preceding paragraphs on internal control are intended solely for the use of management and the legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon acceptance by the Legislative Audit Committee, is a matter of public record.

Charles Bailly & Company

Certified Public Accountants

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Great Falls, Montana 59401
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Offices in Minnesota,
Montana, North Dakota
and South Dakota
Associates in principal cities
of United States, Canada,
Mexico, Europe
and Asia

Legislative Audit Committee of the Montana State Legislature

We have examined the accompanying financial statements of MONTANA COLLEGE OF MINERAL SCIENCE AND TECHNOLOGY as of and for the two-year period ended June 30, 1984, and have issued our report thereon dated October 4, 1984. As part of our examination, we made a study and evaluation of those internal administrative methods and procedures established by Montana College of Mineral Science and Technology to administer and account for Student Financial Assistance Programs in accordance with the significant administrative requirements of the Department of Education's (Education) March 1984 Audit Guide for Student Financial Assistance Programs (Guide) Section II and the following compliance requirements:

- I CASH MANAGEMENT
- II FINANCIAL REPORTING
- III INSTITUTIONAL ELIGIBILITY AND PARTICIPATION
- IV COORDINATION OF STUDENT AID PROGRAMS
- V STUDENT FILE MAINTENANCE FISCAL PROCEDURES
AND RECORDKEEPING
- VI STUDENT ELIGIBILITY
- VII INSTITUTIONAL DISBURSEMENTS TO AWARD RECIPIENTS
- VIII REFUND CALCULATION AND OVERPAYMENT DETERMINATION
PROCEDURES
- Other Compliance Requirements Specific to Each
SFA Program

We understand that procedures and systems in conformity with the criteria contained in these significant administrative requirements are considered by Education to be adequate for its purposes

in accordance with the provisions of The Higher Education Act as amended. Based on this understanding and our study and evaluation, we believe the institution's procedures and systems were adequate for Education's purposes.

In addition, our examination also included test of controls to ensure compliance with the provisions of certain major program terms and conditions identified in Section II-Compliance Requirements of the Guide. Based upon our examination, we found that for the items tested, the institution complied with the material terms and conditions of the SFA award agreements, except as described in the Findings and Recommendations section of this report.

Further, based on our examination and the procedures referred to above, nothing came to our attention to indicate that Montana College of Mineral Science and Technology had not complied with the material terms and conditions (identified in the first paragraph above) of Montana College of Mineral Science and Technology's SFA programs.

This report is intended solely for the use of Montana College of Mineral Science and Technology, the cognizant audit agency and other federal audit agencies and should not be used for any other purpose.

Charles Baillie & Company

Great Falls, Montana
October 4, 1984

Findings and Questionable Costs for Student Financial Assistance Programs

Finding No. 1 - A number of individual loan receivable accounts had the wrong balance because loan disbursements were posted to the wrong individuals' accounts.

Finding No. 2 - The college had requested cash in excess of the estimated needs for the next 30-day period, as permitted by the federal procedures and regulations.

Prior Audit Findings for Student Financial Assistance Programs

Finding No. 1 - One student's file did not contain a signed statement of educational purpose for his supplemental educational opportunity grant.

Action Taken - Procedures have been implemented to ensure that a statement of educational purpose will be completed by every financial aid recipient.

Finding No. 2 - There were six instances where the college failed to give written notification of award to Pell Grant recipients.

Action Taken - Procedures have been established to ensure that each Pell Grant recipient receives written notification.

AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

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Offices in Minnesota,
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Mexico, Europe
and Asia

Legislative Audit Committee of the Montana State Legislature:

We have examined the balance sheets of Montana College of Mineral Science and Technology as of June 30, 1984 and 1983, and the related statements of changes in fund balances and current funds' revenues, expenditures and other changes for the years then ended. Our examination was made in accordance with generally accepted auditing standards including generally accepted government auditing standards for financial and compliance audits and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of Montana College of Mineral Science and Technology as of June 30, 1984 and 1983, and the changes in fund balances and the current funds' revenues, expenditures and other changes for the years then ended, in conformity with generally accepted accounting principles consistently applied during the period subsequent to the change, with which we concur, made July 1, 1982, in the method of accounting for compensated absences as described in Note 5.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal grant expenditures is presented for additional analysis and disclosure purposes in compliance with "Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations" and is not a required part of the basic financial statements for the Montana College of Mineral Science and Technology. The supplemental schedules of disbursements and expenditures for each Student Financial Assistance Program, enrollment statistics and capital projects for the two fiscal years ended June 30, 1984, are not a required part of the basic financial statements but are presented for purposes of additional

analysis. These schedules have been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Charles Baillly & Company

Great Falls, Montana
October 4, 1984

MONTANA COLLEGE OF MINERAL
SCIENCE AND TECHNOLOGY
BALANCE SHEET
JUNE 30, 1983

ASSETS

	CURRENT FUNDS			
	UNRESTRICTED GENERAL OPERATING	DESIGNATED	RESTRICTED	AUXILIARIES
Cash on hand and in bank	\$ 14,146	\$ -	\$ -	\$ -
Cash on deposit with State Treasurer	821,821	73,426	51,770	22,178
Receivables:				
Student loans receivable	-	-	-	-
State appropriations	-	-	-	-
Accounts receivable	12,330	24,483	238,087	16,535
Less allowance for doubtful loans	-	-	-	-
Total receivables	12,330	24,483	238,087	16,535
Investments:				
Held by trustees	-	-	-	-
State of Montana short- term investment plan	-	-	24,359	153,422
Other investments	-	-	-	-
Total investments	-	-	24,359	153,422
Other assets:				
Prepaid expense and advances	96,307	-	-	-
Inventories	-	-	-	219,500
Deposits	-	-	-	-
Total other assets	96,307	-	-	219,500
Due from (to) other funds	(312,797)	5,577	(206,827)	(14,761)
Property, plant & equipment:				
Land	-	-	-	-
Buildings (including con- struction in progress)	-	-	-	-
Improvements	-	-	-	-
Equipment	-	-	-	-
Total property, plant and equipment	-	-	-	-
Total assets	\$ 631,807	\$ 103,486	\$ 107,389	\$ 396,874

STUDENT LOAN FUND	ENDOWMENT FUND	AGENCY FUND	PLANT FUNDS		
			UNEXPENDED	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT
\$ 4,721	\$ -	\$ -	\$ -	\$ -	\$ -
<u>4,306</u>	<u>209</u>	<u>99,100</u>	<u>2,861</u>	<u>1,263</u>	<u>-</u>
182,787	-	85,946	-	-	-
-	-	-	1,775	-	-
-	-	4,079	80,600	-	-
(7,500)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>175,287</u>	<u>-</u>	<u>90,025</u>	<u>82,375</u>	<u>-</u>	<u>-</u>
-	-	-	145,000	116,387	-
123,473	177,371	105,120	1,158,634	43,387	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,093</u>	<u>-</u>
<u>123,473</u>	<u>177,371</u>	<u>105,120</u>	<u>1,303,634</u>	<u>320,867</u>	<u>-</u>
-	-	-	37,040	-	-
-	-	-	-	-	-
1,850	-	-	5,000	-	-
<u>1,850</u>	<u>-</u>	<u>-</u>	<u>42,040</u>	<u>-</u>	<u>-</u>
-	-	535,320	(6,512)	-	-
-	-	-	-	-	332,111
-	-	-	-	-	14,786,543
-	-	-	-	-	1,496,260
-	-	-	-	-	5,697,997
-	-	-	-	-	22,312,911
\$ 309,637	\$ 177,580	\$ 829,565	\$ 1,424,398	\$ 322,130	\$ 22,312,911

MONTANA COLLEGE OF MINERAL
SCIENCE AND TECHNOLOGY
BALANCE SHEET
JUNE 30, 1983

LIABILITIES AND FUND BALANCES

	CURRENT FUNDS			
	UNRESTRICTED GENERAL OPERATING	DESIGNATED	RESTRICTED	AUXILIARIES
Liabilities:				
Accounts payable and accrued liabilities	\$ 217,912	\$ 31,318	\$ 17,229	\$ 62,079
Compensated absences	525,181	-	-	-
Due state agencies	113,924	-	-	-
Accrued bond interest payable	-	-	-	-
Accrued bond principal payable	-	-	-	-
Other liabilities and deposits	-	-	-	16,150
Unearned revenues	65,001	-	-	-
Bonds payable	-	-	-	-
Total liabilities	<u>922,018</u>	<u>31,318</u>	<u>17,229</u>	<u>78,229</u>
Fund Balances	(290,211)	72,168	90,160	318,645
Total liabilities and fund balances	<u>\$ 631,807</u>	<u>\$103,486</u>	<u>\$107,389</u>	<u>\$396,874</u>

<u>STUDENT LOAN FUND</u>	<u>ENDOWMENT FUND</u>	<u>AGENCY FUND</u>	<u>UNEXPENDED</u>	<u>PLANT FUNDS RETIREMENT OF INDEBTEDNESS</u>	<u>INVESTMENT IN PLANT</u>
\$ -	\$ -	\$ 637,180	\$ 23,249	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	46,534	-
-	-	-	-	40,000	-
-	-	192,385	-	-	-
-	-	-	8,510	-	-
-	-	-	-	-	3,189,000
<u>309,637</u>	<u>177,580</u>	<u>829,565</u>	<u>31,759</u>	<u>86,534</u>	<u>3,189,000</u>
<u>\$ 309,637</u>	<u>\$ 177,580</u>	<u>\$ 829,565</u>	<u>\$ 1,424,398</u>	<u>\$ 322,130</u>	<u>\$ 22,312,911</u>

MONTANA COLLEGE OF MINERAL
SCIENCE AND TECHNOLOGY
BALANCE SHEET
JUNE 30, 1984

ASSETS

	CURRENT FUNDS			
	UNRESTRICTED GENERAL OPERATING	DESIGNATED	RESTRICTED	AUXILIARIES
Cash on hand and in bank	\$ 32,587	\$ -	\$ -	\$ -
Cash on deposit with State Treasurer	382,213	65,059	39,194	47,596
Receivables:				
Student loans receivable	-	-	-	-
Accounts receivable	10,328	14,703	599,910	35,225
Transfers in construction account	-	-	-	-
Less allowance for doubtful loans	-	-	-	-
Total receivables	10,328	14,703	599,910	35,225
Investments:				
Held by trustees	-	-	-	-
State of Montana short- term investment plan	-	-	67,681	72,909
Other investments	-	-	-	-
Total investments	-	-	67,681	72,909
Other assets:				
Prepaid expense and advances	92,254	484	-	-
Inventories	-	-	-	399,900
Deposits	-	-	-	-
Total other assets	92,254	484	-	399,900
Due from (to) other funds	(49,331)	(29,365)	(518,150)	(13,249)
Property, plant & equipment:				
Land	-	-	-	-
Buildings (including con- struction in progress)	-	-	-	-
Improvements	-	-	-	-
Equipment	-	-	-	-
Total property, plant and equipment	-	-	-	-
Total assets	\$ 468,051	\$ 50,881	\$ 188,635	\$ 542,381

STUDENT LOAN FUND	ENDOWMENT FUND	AGENCY FUND	PLANT FUNDS		
			UNEXPENDED	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT
\$ 4,676	\$ -	\$ 547	\$ -	\$ -	\$ -
4,111	896	102,571	12,624	558	-
176,043	-	93,833	-	-	-
-	-	86	60,742	-	-
-	-	-	82,026	-	-
(7,500)	-	-	-	-	-
<u>168,543</u>	<u>-</u>	<u>93,919</u>	<u>142,768</u>	<u>-</u>	<u>-</u>
-	-	-	145,000	118,252	-
173,474	178,314	105,849	1,474,656	-	-
-	-	-	-	161,448	-
<u>173,474</u>	<u>178,314</u>	<u>105,849</u>	<u>1,619,656</u>	<u>279,700</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	5,000	-	-
-	-	-	5,000	-	-
-	-	613,122	(3,026)	-	-
-	-	-	-	-	522,740
-	-	-	-	-	15,512,796
-	-	-	-	-	1,759,754
-	-	-	-	-	7,051,644
-	-	-	-	-	24,846,934
<u>\$ 350,804</u>	<u>\$ 179,210</u>	<u>\$ 916,008</u>	<u>\$ 1,777,022</u>	<u>\$ 280,258</u>	<u>\$ 24,846,934</u>

MONTANA COLLEGE OF MINERAL
SCIENCE AND TECHNOLOGY
BALANCE SHEET
JUNE 30, 1984

LIABILITIES AND FUND BALANCES

	CURRENT FUNDS			
	UNRESTRICTED	GENERAL	DESIGNATED	RESTRICTED
	OPERATING			AUXILIARIES
Liabilities:				
Accounts payable and accrued liabilities	\$ 142,649	\$ 37,842	\$ 27,858	\$ 96,068
Compensated absences	612,797	-	-	-
Due state agencies	93,868	-	-	-
Accrued bond interest payable	-	-	-	-
Other liabilities and deposits	-	-	-	16,244
Unearned revenues	72,115	-	8,740	-
Bonds payable	-	-	-	-
Total liabilities	<u>921,429</u>	<u>37,842</u>	<u>36,598</u>	<u>112,312</u>
Fund Balances	(453,378)	13,039	152,037	430,069
Total liabilities and fund balances	\$ 468,051	\$ 50,881	\$ 188,635	\$ 542,381

STUDENT LOAN FUND	ENDOWMENT FUND	AGENCY FUND	PLANT FUNDS			INVESTMENT IN PLANT
			UNEXPENDED	RETIREMENT OF INDEBTEDNESS		
\$ -	\$ -	\$ 651,382	\$ 112	\$ -		\$ -
-	-	-	-	-		-
-	-	-	-	-		-
-	-	-	-	41,340		-
-	-	264,626	-	-		-
-	-	-	-	-		-
-	-	-	-	-		3,112,000
<u>350,804</u>	<u>179,210</u>	<u>916,008</u>	<u>112</u>	<u>41,340</u>		<u>3,112,000</u>
<u>\$ 350,804</u>	<u>\$ 179,210</u>	<u>\$ 916,008</u>	<u>\$ 1,777,022</u>	<u>\$ 280,258</u>		<u>\$ 24,846,934</u>

MONTANA COLLEGE OF MINERAL SCIENCE AND TECHNOLOGY
 STATEMENT OF CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 1983

	CURRENT FUNDS			
	UNRESTRICTED	GENERAL	DESIGNATED	RESTRICTED
	OPERATING			AUXILIARIES
Revenues and other additions:				
Unrestricted fund revenues-				
College	\$ 7,328,740	\$ 594,046	\$ 1,973,665	\$ 1,247,883
Bureau of Mines and Geology	1,631,733	-	-	-
Land grant income	-	-	-	-
Restricted student fees	-	-	-	-
State appropriation	-	-	-	-
Federal capital contributions	-	-	-	-
Private capital contributions	-	-	-	-
Investment income	-	-	-	-
Interest on loans	-	-	-	-
Expended for plant facilities (including \$873,630 charged to current fund expenditures)	-	-	-	-
Retirement of indebtedness	-	-	-	-
Other adjustments resulting from inventory of property, plant and equipment	-	-	-	-
Total revenues and other additions	<u>8,960,473</u>	<u>594,046</u>	<u>1,973,665</u>	<u>1,247,883</u>
Expenditures and other deductions:				
Educational and general expenditures-				
College	7,124,812	553,455	2,047,878	1,054,515
Bureau of Mines and Geology	1,636,383	-	-	-
Compensated absences	87,602	-	-	-
Administrative expenditures	-	-	-	-
Loan cancellations and bad debt expenses	-	-	-	-
Collection costs	-	-	-	-
Expended for plant facilities (including noncapitalized expenditures of \$41,910)	-	-	-	-
Retirement of indebtedness	-	-	-	-
Interest on indebtedness	-	-	-	-
Total expenditures and other deductions	<u>8,848,797</u>	<u>553,455</u>	<u>2,047,878</u>	<u>1,054,515</u>

<u>STUDENT LOAN FUND</u>	<u>ENDOWMENT FUND</u>	<u>PLANT FUNDS</u>		
		<u>UNEXPENDED</u>	<u>RETIREMENT OF INDEBTEDNESS</u>	<u>INVESTMENT IN PLANT</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	538,983	-	-
-	-	156,019	-	-
3,204	-	-	-	-
29,257	-	-	22,938	-
-	125	77,815	-	204,955
9,812	5,939	120,599	37,662	-
2,583	-	-	-	-
-	-	-	-	1,530,530
-	-	-	-	72,000
-	-	-	-	(252,724)
<u>44,856</u>	<u>6,064</u>	<u>893,416</u>	<u>60,600</u>	<u>1,554,761</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,803	-	-	-	-
1,016	-	-	-	-
1,408	-	-	-	-
-	-	762,236	-	-
-	-	-	72,000	-
-	-	-	202,165	-
<u>4,227</u>	<u>-</u>	<u>762,236</u>	<u>274,165</u>	<u>-</u>

MONTANA COLLEGE OF MINERAL SCIENCE AND TECHNOLOGY
 STATEMENT OF CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 1983

	CURRENT FUNDS			
	UNRESTRICTED GENERAL OPERATING	DESIGNATED	RESTRICTED	AUXILIARIES
Transfers among funds-				
Additions (Deductions):				
Mandatory -				
For retirement of in- indebtedness	\$ -	\$ -	\$ -	\$ -
Voluntary transfers -				
Restricted	<u> -</u>	<u> -</u>	<u>7,372</u>	<u>(100,000)</u>
Total transfers	<u> -</u>	<u> -</u>	<u>7,372</u>	<u>(100,000)</u>
Net increase (decrease) in fund balance	<u>111,676</u>	<u>40,591</u>	<u>(66,841)</u>	<u>93,368</u>
Fund balance, beginning of year as previously reported	<u>35,692</u>	<u>31,577</u>	<u>157,001</u>	<u>225,277</u>
Prior year adjustments:				
Compensated absences	(437,579)	-	-	-
(Expense) revenue	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Total prior year adjustments	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Fund balance, beginning of year as adjusted	<u>(401,887)</u>	<u>31,577</u>	<u>157,001</u>	<u>225,277</u>
Fund balance, end of year	<u>\$(290,211)</u>	<u>\$72,168</u>	<u>\$ 90,160</u>	<u>\$318,645</u>
Fund balance consists of:				
Unrestricted -				
College	\$ 223,177	\$ -	\$ -	\$318,645
Bureau of Mines & Geology	11,793	-	-	-
Compensated absences	(525,181)	-	-	-
Designated	-	72,168	-	-
Quasi endowment	-	-	-	-
Endowment	-	-	-	-
Restricted	-	-	90,160	-
Net investment in plant	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Total fund balances	<u>\$(290,211)</u>	<u>\$72,168</u>	<u>\$ 90,160</u>	<u>\$318,645</u>

<u>STUDENT LOAN FUND</u>	<u>ENDOWMENT FUND</u>	<u>UNEXPENDED</u>	<u>PLANT FUNDS RETIREMENT OF INDEBTEDNESS</u>	<u>INVESTMENT IN PLANT</u>
\$ -	\$ -	\$ (215,000)	\$ 215,000	\$ -
(7,372)	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
<u>(7,372)</u>	<u>-</u>	<u>(115,000)</u>	<u>215,000</u>	<u>-</u>
<u>33,257</u>	<u>6,064</u>	<u>16,180</u>	<u>1,435</u>	<u>1,554,761</u>
<u>274,110</u>	<u>171,516</u>	<u>1,452,327</u>	<u>234,161</u>	<u>17,569,150</u>
<u>2,270</u>	<u>-</u>	<u>(75,868)</u>	<u>-</u>	<u>-</u>
<u>2,270</u>	<u>-</u>	<u>(75,868)</u>	<u>-</u>	<u>-</u>
<u>276,380</u>	<u>171,516</u>	<u>1,376,459</u>	<u>234,161</u>	<u>17,569,150</u>
<u>\$ 309,637</u>	<u>\$177,580</u>	<u>\$ 1,392,639</u>	<u>\$235,596</u>	<u>\$19,123,911</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
79,808	-	251,115	-	-
-	18,000	-	-	-
-	159,580	-	-	-
229,829	-	1,141,524	235,596	-
-	-	-	-	<u>19,123,911</u>
<u>\$ 309,637</u>	<u>\$177,580</u>	<u>\$ 1,392,639</u>	<u>\$235,596</u>	<u>\$19,123,911</u>

MONTANA COLLEGE OF MINERAL SCIENCE AND TECHNOLOGY
 STATEMENT OF CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 1984

	CURRENT FUNDS			
	UNRESTRICTED	GENERAL	DESIGNATED	RESTRICTED
	OPERATING			AUXILIARIES
Revenues and other additions:				
Unrestricted fund revenues-				
College	\$ 8,777,636		\$712,880	\$2,418,311
Bureau of Mines and Geology	1,484,456		-	-
Land grant income	-		-	-
Restricted student fees	-		-	-
State appropriation	-		-	-
Federal capital contributions	-		-	-
Investment income	-		-	-
Interest on loans	-		-	-
Expended for plant facilities	-		-	-
Retirement of indebtedness	-		-	-
Other	-		-	-
Total revenues and other additions	<u>10,262,092</u>		<u>712,880</u>	<u>2,418,311</u>
Expenditures and other deductions:				
Educational and general expenditures-				
College	8,861,232		772,009	2,363,911
Bureau of Mines and Geology	1,476,411		-	-
Compensated absences	87,616		-	-
Loan cancellations and bad debt expenses	-		-	-
Collection costs	-		-	-
Expended for plant facilities (including noncapitalized expenditures of \$11,032)	-		-	-
Retirement of indebtedness	-		-	-
Interest on indebtedness	-		-	-
Total expenditures and other deductions	<u>10,425,259</u>		<u>772,009</u>	<u>2,363,911</u>
				<u>1,133,512</u>

<u>STUDENT LOAN FUND</u>	<u>ENDOWMENT FUND</u>	<u>UNEXPENDED</u>	<u>PLANT FUNDS RETIREMENT OF INDEBTEDNESS</u>	<u>INVESTMENT IN PLANT</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	660,489	-	-
-	-	230,422	-	-
-	-	314,010	-	-
35,000	-	-	22,938	872,341
14,030	1,630	143,912	38,383	-
2,528	-	-	-	-
-	-	-	-	1,661,682
-	-	-	-	77,000
<u>4,536</u>	<u>-</u>	<u>21,416</u>	<u>-</u>	<u>-</u>
<u>56,094</u>	<u>1,630</u>	<u>1,370,249</u>	<u>61,321</u>	<u>2,611,023</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
6,097	-	-	-	-
1,353	-	-	-	-
-	-	766,978	-	-
-	-	-	77,000	-
-	-	-	196,999	-
<u>7,450</u>	<u>-</u>	<u>766,978</u>	<u>273,999</u>	<u>-</u>

MONTANA COLLEGE OF MINERAL SCIENCE AND TECHNOLOGY
 STATEMENT OF CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 1984

	CURRENT FUNDS			
	UNRESTRICTED GENERAL OPERATING	DESIGNATED	RESTRICTED	AUXILIARIES
Transfers among funds-				
Additions (Deductions):				
Mandatory -				
For retirement of in- indebtedness	\$ -	\$ -	\$ -	\$ -
Voluntary transfers -				
Restricted	-	-	7,477	3,000
Total transfers	-	-	7,477	3,000
Net increase (decrease) in fund balance	(163,167)	(59,129)	61,877	111,424
Fund balance, beginning of year	(290,211)	72,168	90,160	318,645
Fund balance, end of year	<u>\$ (453,378)</u>	<u>\$ 13,039</u>	<u>\$ 152,037</u>	<u>\$ 430,069</u>
Fund balance consists of:				
Unrestricted - College	\$ 139,581	\$ -	\$ -	\$ 430,069
Bureau of Mines & Geology	19,838	-	-	-
Compensated absences	(612,797)	-	-	-
Designated	-	13,039	-	-
Quasi endowment	-	-	-	-
Endowment	-	-	-	-
Restricted	-	-	152,037	-
Net investment in plant	-	-	-	-
Total fund balances	<u>\$ (453,378)</u>	<u>\$ 13,039</u>	<u>\$ 152,037</u>	<u>\$ 430,069</u>

<u>STUDENT LOAN FUND</u>	<u>ENDOWMENT FUND</u>	<u>UNEXPENDED</u>	<u>PLANT FUNDS RETIREMENT OF INDEBTEDNESS</u>	<u>INVESTMENT IN PLANT</u>
\$ -	\$ -	\$ (216,000)	\$ 216,000	\$ -
(7,477)	<u>-</u>	(3,000)	<u>-</u>	<u>-</u>
<u>(7,477)</u>	<u>-</u>	<u>(219,000)</u>	<u>216,000</u>	<u>-</u>
<u>41,167</u>	<u>1,630</u>	<u>384,271</u>	<u>3,322</u>	<u>2,611,023</u>
<u>309,637</u>	<u>177,580</u>	<u>1,392,639</u>	<u>235,596</u>	<u>19,123,911</u>
<u>\$ 350,804</u>	<u>\$179,210</u>	<u>\$ 1,776,910</u>	<u>\$238,918</u>	<u>\$21,734,934</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
79,915	-	842,351	-	-
-	18,000	-	-	-
-	161,210	-	-	-
270,889	-	934,559	238,918	-
-	-	-	-	<u>21,734,934</u>
<u>\$ 350,804</u>	<u>\$179,210</u>	<u>\$ 1,776,910</u>	<u>\$238,918</u>	<u>\$21,734,934</u>

MONTANA COLLEGE OF MINERAL
SCIENCE AND TECHNOLOGY
STATEMENT OF CURRENT FUNDS' REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE YEAR ENDED JUNE 30, 1983

	UNRESTRICTED GENERAL OPERATING FUND	DESIGNATED FUND	RESTRICTED FUND	AUXILIARIES FUND
Revenues:				
Tuition and fees	\$ 1,450,101	\$ -	\$ -	\$ -
State appropriations:				
College	5,703,930	-	-	-
Bureau of Mines & Geology	1,402,724	-	-	-
Indirect cost recoveries	160,607	-	-	-
Federal grants & contracts	-	-	1,271,580	-
State grants & contracts	-	-	60,172	-
Private grants & contracts	-	-	557,322	-
Auxiliary enterprises	-	-	-	1,247,883
Sales and services:				
College	8,656	-	-	-
Bureau of Mines & Geology	229,008	-	-	-
Other	5,447	-	-	-
Designated	-	594,046	-	-
Total revenues	<u>8,960,473</u>	<u>594,046</u>	<u>1,889,074</u>	<u>1,247,883</u>
Expenditures:				
Instructional	3,884,260	-	-	-
Organized research	101,981	-	893,012	-
Academic support	527,577	-	268,030	-
Student services and aid	732,075	-	91,049	-
Operation and maintenance of plant	1,180,035	-	252	-
Institutional support	692,077	553,455	8,086	1,054,515
Scholarships and fellowships	246,727	-	628,645	-
Recovery from Bureau of Mines and Geology	(239,919)	-	-	-
	<u>7,124,813</u>	<u>553,455</u>	<u>1,889,074</u>	<u>1,054,515</u>
Independent operations:				
Bureau of Mines & Geology	1,396,464	-	-	-
Services provided by College	239,919	-	-	-
Compensated absences	87,601	-	-	-
Total expenditures	<u>8,848,797</u>	<u>553,455</u>	<u>1,889,074</u>	<u>1,054,515</u>

MONTANA COLLEGE OF MINERAL
SCIENCE AND TECHNOLOGY
STATEMENT OF CURRENT FUNDS' REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE YEAR ENDED JUNE 30, 1983

	UNRESTRICTED GENERAL OPERATING FUND	DESIGNATED FUND	RESTRICTED FUND	AUXILIARIES FUND
Transfers, increase (decrease):				
Voluntary transfers:				
Restricted	\$ -	\$ -	\$ 7,372	\$(100,000)
Excess of transfers to revenue over restricted receipts	<u>-</u>	<u>-</u>	<u>(74,213)</u>	<u>-</u>
Total transfers	<u>-</u>	<u>-</u>	<u>(66,841)</u>	<u>(100,000)</u>
Net increase (decrease) in fund balance	<u>\$ 111,676</u>	<u>\$ 40,591</u>	<u>\$ (66,841)</u>	<u>\$ 93,368</u>

MONTANA COLLEGE OF MINERAL
SCIENCE AND TECHNOLOGY
STATEMENT OF CURRENT FUNDS' REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE YEAR ENDED JUNE 30, 1984

	UNRESTRICTED GENERAL OPERATING FUND	DESIGNATED FUND	RESTRICTED FUND	AUXILIARIES FUND
Revenues:				
Tuition and fees	\$ 1,667,905	\$ -	\$ -	\$ -
State appropriations:				
College	6,950,960	-	-	-
Bureau of Mines and Geology	1,432,125	-	-	-
Indirect cost recoveries	158,771	-	-	-
Federal grants & contracts	-	-	1,454,203	-
State grants & contracts	-	-	190,627	-
Private grants & contracts	-	-	532,753	-
Auxiliary enterprises	-	-	-	1,241,936
Sales and services:				
Bureau of Mines and Geology	52,331	-	-	-
Designated	-	712,880	-	-
Total revenues	<u>10,262,092</u>	<u>712,880</u>	<u>2,177,583</u>	<u>1,241,936</u>
Expenditures:				
Instructional	4,670,652	-	-	-
Organized research	109,670	-	1,144,321	-
Academic support	628,622	-	208,973	-
Student services and aid	876,173	-	100,015	-
Operation and maintenance of plant	1,285,594	-	-	-
Institutional support	1,223,451	772,009	-	1,133,512
Scholarships and fellowships	287,435	-	724,274	-
Recovery from Bureau of Mines and Geology	(220,365)	-	-	-
	<u>8,861,232</u>	<u>772,009</u>	<u>2,177,583</u>	<u>1,133,512</u>
Independent operations:				
Bureau of Mines & Geology	1,256,046	-	-	-
Services provided by College	220,365	-	-	-
Compensated absences	87,616	-	-	-
Total expenditures	<u>10,425,259</u>	<u>772,009</u>	<u>2,177,583</u>	<u>1,133,512</u>

MONTANA COLLEGE OF MINERAL
SCIENCE AND TECHNOLOGY
STATEMENT OF CURRENT FUNDS' REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE YEAR ENDED JUNE 30, 1984

	UNRESTRICTED GENERAL OPERATING FUND	DESIGNATED FUND	RESTRICTED FUND	AUXILIARIES FUND
Transfers, increase (decrease):				
Voluntary transfers:				
Restricted	\$ -	\$ -	\$ 7,477	\$ 3,000
Excess of transfers to revenue over restricted receipts	<u>-</u>	<u>-</u>	<u>54,400</u>	<u>-</u>
Total transfers	<u>-</u>	<u>-</u>	<u>61,877</u>	<u>3,000</u>
Net increase (decrease) in fund balance	<u><u>\$ (163,167)</u></u>	<u><u>\$ (59,129)</u></u>	<u><u>\$ 61,877</u></u>	<u><u>\$ 111,424</u></u>

MONTANA COLLEGE OF MINERAL
SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1984 AND 1983

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Statements

The financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles for colleges and universities.

The statements of current funds' revenues, expenditures and other changes are statements of financial activities of current funds related to the current reporting periods and do not purport to present the results of operations or the net income or loss for the periods.

Fund Accounting

The accounts of the college are maintained in accordance with the principles of fund accounting wherein resources are classified for accounting purposes into funds that are identified by the limitations and restrictions placed on their use.

Separate accounts are maintained for each fund; however, accounts with common characteristics are combined into fund groups and reflected as such in the accompanying financial statements.

The common characteristics of the funds contained in the various groups are as follows:

Current Funds:

The current funds' group includes economic resources expendable in performing the primary objectives of the university, i.e., instruction, research and public service. The current funds' group have two basic distinct subgroups: unrestricted funds which have no expenditure restrictions and restricted funds which have expenditure restrictions. Unrestricted current funds are comprised of the following:

General Operating - utilized for general operations in performing the primary objectives of the college.

Designated - utilized for education and laboratorial related service activities which are self-supporting. These funds are separately classified in order to accumulate and distinguish the cost of these specialized services or function areas.

Auxiliary Enterprises - utilized in providing essential on-campus services primarily to students, faculty and staff (self-supporting).

Student Loan Funds:

The resources from this group of funds are available to students to aid in financing their education. Funds for the loans are provided by private and college sources with the majority of the funds being provided by the federal government.

Endowment Funds:

Endowment funds are funds with specific donor or other outside agency restrictions negating the expenditure of the principal. Generally, the principal is to be maintained in perpetuity and invested for the purpose of producing income.

Plant Funds:

Plant funds are separated into three distinct self-balancing subgroup accounts:

Unexpended Plant - utilized for long-term institutional assets.

Retirement of Indebtedness - utilized for debt servicing and retirement of indebtedness.

Investment in Plant - denotes the cost of long-term institutional assets and related liabilities and equity.

Inventories

Inventories, which consist mainly of bookstore supplies, are valued at cost (first-in/first-out method).

Investments

Investments are carried at cost which approximate market value at June 30, 1984 and 1983.

Plant and Equipment

Equipment acquired with restricted grants and contracts are recorded as an addition to investment in plant at the time of purchase. On certain grants and contracts, title to equipment purchased is vested with the grantor or contractor until completion of the project at which time the equipment may revert to the college.

Capital additions funded directly by the state and federal government during the years ended June 30, 1984 and 1983 are recorded as additions to investment in plant.

No provision has been made for depreciation of plant facilities.

Unearned Tuition and Fees

Summer school tuition and fee revenues and related expenses are deferred at June 30, and recorded as revenue and expense in the succeeding fiscal years.

Retirement Plans

Full-time employees of the Montana College of Mineral Science and Technology are all members of the Montana Public Employees' Retirement System and Montana Teachers' Retirement System. The college's contribution to the plans totaled \$484,552 and \$384,608 for the years ended June 30, 1984 and 1983, respectively. At June 30, 1982, the Public Employees' Retirement System, and at June 30, 1983, the Teachers' Retirement System were determined to be actuarially sound as reported by the systems' actuary. The unfunded past service costs and the actuarially computed value of the vested benefits are not readily available for members of the plans employed by the college.

Statewide Budgeting and Accounting System

The balance sheet, statement of changes in fund balances and statement of current funds' revenues, expenditures and other changes have been prepared in accordance with generally accepted accounting principles; consequently, these reports differ from the financial information recorded in the Statewide Budgeting and Accounting System.

NOTE 2 - INVESTMENTS:

Investments at June 30, 1984 and 1983 consisted of the following:

	<u>1984</u>	<u>1983</u>
Montana Short-term Investment Pool (STIP)	\$2,090,883	\$1,785,766
U.S. Treasury Notes	161,448	161,093
First Bank Trustee Account	263,252	261,387
	<u>\$2,515,583</u>	<u>\$2,208,246</u>

The investments at June 30, 1984 and 1983 are owned by the following funds:

Restricted Fund	\$ 67,681	\$ 24,359
Auxiliaries Fund	72,909	153,422
Student Loan Fund	173,474	123,473
Endowment Fund	178,314	177,371
Agency Fund	105,849	105,120
Unexpended Plant Fund	1,619,656	1,303,634
Retirement of Indebtedness		
Plant Fund	<u>297,700</u>	<u>320,867</u>
	<u>\$2,515,583</u>	<u>\$2,208,246</u>

NOTE 3 - BONDS PAYABLE:

At June 30, 1984 and 1983, bonds payable included the following:

Bonds payable at 3%, secured by land grant income, student fees and net project revenues, payable in installments through 1996, including \$7,000 and \$7,000 maturing within one year, respectively (a)	\$ 102,000	\$ 109,000
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Bonds payable at interest rates ranging from 7.5% to 9%, secured by land grant income, student fees, and net project revenues, payable in installments through 2001, including \$30,000 and \$30,000 maturing within one year, respectively (a)	950,000	980,000
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1984

1983

Bonds payable at interest rates ranging from 4.9% to 6.5%. These are general obligation bonds of the State of Montana and are payable in installments through 2008, including \$45,000 and \$40,000, maturing within one year, respectively (b)

<u>2,060,000</u>	<u>2,100,000</u>
<u>\$3,112,000</u>	<u>\$3,189,000</u>

- (a) The Indenture, dated October 1, 1958, and Supplemental Indenture dated April 1, 1970, provide, among other things, that the college will maintain a bond and interest sinking fund account and repair and replacement reserve account, provide audited financial statements of the college to the trustee within a specified period of time as well as to any requesting bondholders, and pledge and appropriate the net revenues of the project, student building fees, and land grant income for the retirement of bonds payable.
- (b) The Board of Regents has agreed to provide for repayment of the bonds through certain college revenues. The revenues include resident and nonresident student building fees, land grant income, and other revenues from the operation of residence and student union facilities. However, these revenues are subject to prior pledges of the other bonds payable.

The college is also recipient of a federal debt service grant restricted for use in retirement of bond indebtedness.

The annual payments for all bond principal requirements as of June 30, 1984 are as follows:

1985	\$ 82,000
1986	82,000
1987	93,000
1988	93,000
1989	103,000
1990-2008	<u>2,659,000</u>
	<u><u>\$3,112,000</u></u>

NOTE 4 - LAND GRANT STATUS:

The Congress of the United States, by the enabling act approved February 22, 1889, granted to the State of Montana 100,000 acres for the college and provided that all monies

received from the sale of lands belonging to this grant, together with proceeds from the sale of timber, oil royalties and other minerals, should be credited to a permanent fund for each of the land grant institutions. It also provided that permanent funds could not be used for any other purpose and must remain forever inviolate as the property of each of the land grant funds.

The college's land grant assets are not reflected in these financial statements, but are shown in the Montana Department of Land's financial statements.

NOTE 5 - COMPENSATED ABSENCES:

On July 1, 1982, the college started accounting for unused vacation and sick leave in accordance with the Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences. Permanent employees can accumulate and carry to the following calendar year two times the maximum number of vacation days earned annually. Unused vacation leave is paid at full value to employees upon termination. Upon termination, unused sick leave earned since July 1, 1971 is paid to the employee at 25% value.

Opening fund balance at July 1, 1982, was adjusted for \$437,579 to set up the accrued liability.

SUPPLEMENTAL SCHEDULES

MONTANA COLLEGE OF MINERAL SCIENCE AND TECHNOLOGY
 SCHEDULE OF FEDERAL GRANT EXPENDITURES
 FOR YEARS ENDED JUNE 30, 1984 AND 1983

1984

1983

U.S. Geological Survey

Fort Union Coal 14-08-0001-18772	\$ -	\$154,324
Coal Lands Mapping 14-08-0001-A-0087	88,745	8,028
Ground Water Investigations 14-08-0001-A-157	41,718	-
NCRDS 14-08-0001-A-107	138,808	27,923
Soluble Salt Loads 14-08-0001-18710	30,037	65,456
Poplar River 14-08-0001-18723	-	13,496
Hydrologic Investigations - Bull Mountain 14-08-0001-20039	-	12,896
Oil Shale 14-08-0001-20040	-	166,410
Cusmep 904-589-84	1,684	-

U.S. Department of Energy

Geothermal Investigation DE-FC07-79 ID12033	42,542	159,597
Low Sulfur Coal 4-C027-C	14,052	-

National Science Foundation

MONTS	-	8,989
Recovery of Metal Values CPE-8014077	9,474	38,588
Electron Microscopic EAR-8213044	7,832	11,077

19841983U.S. Department of Education

Cooperative Education G00-82-24-240	-	677
Cooperative Education G00-82-02-460	23,990	39,110
Cooperative Education G00-81-04-249	-	26,402
Cooperative Education G00-83-24-428	1,218	-
Cooperative Education G00-83-03-782	41,730	-
Library - Title II G00-82-50-313	840	-
VCIP Q00-83-12-450	922	-

U.S. Bureau of Mines

Title III G1114029	-	34,464
Title III G1124130	64,520	85,481
Metal Organic - Fort Union Coal G1195027	-	3,152
Copper Smelter Flue Dust G1125132	29,392	11,197
Recovery of Copper G1125132	4,062	-
Lead Smelter Spiess G1125132	13,055	-
Title III G1134130	105,838	-

1984

1983

Environmental Protection Agency

UIC - File Maintenance G008377-83	2,544	8,446
Ground Water Quality G008398-84	10,363	-
UIC - File Maintenance G008405-84	9,246	-
Receovery of Metal Values CR-810736-01-0	187,973	-

Bureau of Indian Affairs

Hydrologic Investigation MOA 0018	<u>96,167</u>	<u>7,928</u>
Total Grant Expenditures	<u>\$966,752</u>	<u>\$883,641</u>

MONTANA COLLEGE OF MINERAL SCIENCE AND TECHNOLOGY
SCHEDULE OF DISBURSEMENTS AND EXPENDITURES
FOR EACH STUDENT FINANCIAL ASSISTANCE PROGRAM
FOR THE YEARS ENDED JUNE 30, 1984 AND 1983

1984

1983

Disbursements:

National Direct Student Loan Program	\$ 44,210	\$ 40,277
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Expenditures:

College Work-Study Program	93,551	89,166
Supplemental Educational Opportunity		
Grant Program	11,342	11,225
Pell Grant Program	504,558	366,396

MONTANA COLLEGE OF MINERAL SCIENCE AND TECHNOLOGY
 SCHEDULE OF CAPITAL PROJECTS
 FOR THE YEARS ENDED JUNE 30, 1984 AND 1983

<u>PROJECT</u>	<u>AMOUNT AUTHORIZED</u>	<u>AMOUNT EXPENDED AS OF 6/30/83</u>	<u>AMOUNT EXPENDED AS OF 6/30/84</u>
<u>STATE APPROPRIATIONS</u>			
Replace Petro Bldg.			
Roof/Misc. Other	\$ 151,000	\$ 90,966	\$ 90,966
Third Floor Remodeling			
Service/Engr. Bldg.	200,000	182,086	186,483
Neutron Activation			
Laboratory	75,000	73,225	75,000
New Classroom Lab Bldg.	5,500,000	77,815	375,268
Main Hall Room Repair	110,000	-	7,764
Steamline Replacement	65,000	-	4,396
<u>LOCAL APPROPRIATIONS</u>			
Sports Area Drainage			
Landscaping	286,731	244,121	286,731
HPER Parking	263,533	228,838	263,533
Complete HPER Playing			
Field	400,000	-	174,551
Remodel Bookstore	97,000	-	88,270
Remodel Food Service Line	48,000	-	4,735
Married Student Housing			
Site Dev. Phase I	97,000	-	2,507
Initial Planning/Improvements and Renovation of			
Dorm	50,000	-	-
Initial Planning/Improvements of/and Additions to			
HPER	50,000	-	-
Initial Planning/Improvements to the SUB	10,000	-	-

MONTANA COLLEGE OF MINERAL SCIENCE AND TECHNOLOGY
 SCHEDULE OF ENROLLMENT STATISTICS
 FOR THE YEARS ENDED JUNE 30, 1984 AND 1983

<u>Quarter</u>	Total <u>Part-Time Enrollment</u>	Total <u>Full-Time Enrollment</u>	Total <u>Enrollment</u>	<u>Full-Time Equivalent</u>
Summer, 1982	481	19	500	149.8
Fall, 1982	462	1,754	2,216	2014.4
Spring, 1983	512	1,647	2,159	1931.58
Summer, 1983	591	12	603	165.45
Fall, 1983	542	1,792	2,334	2086.08
Spring, 1984	483	1,667	2,150	1932.85

COLLEGE AND AGENCY REPLIES



MONTANA COLLEGE OF MINERAL SCIENCE AND TECHNOLOGY

BUTTE, MONTANA 59701

406/496-4101

November 5, 1984

Mr. Jim Wasepka
Charles Baily & Company
425 - 1st National Bank Building
Great Falls, MT 59401

Dear Mr. Wasepka:

Please find enclosed the College's responses to the auditor's final reports and recommendations.

My staff has enjoyed working with you. We appreciate your cooperation throughout the audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Victor Burt".

Victor Burt
Acting Vice President
Fiscal and Administrative Services

VB/djk

enclosures

AUDIT RESPONSE

RECOMMENDATION #1:

WE RECOMMEND THAT THE COLLEGE IDENTIFY DIFFERENT INDIVIDUALS IN THE BOOKSTORE AND LIBRARY TO BE RESPONSIBLE FOR DIFFERENT PARTS OF INVENTORY CONTROLS.

RESPONSE:

Partially concur. Duties will be separated to the extent that staffing allows.

RECOMMENDATION #2:

THE COLLEGE SHOULD CONSULT THE BOND INDENTURE TRUSTEE AND ITS LEGAL COUNSEL TO PROVIDE FOR AN AMENDMENT TO THE INDENTURE EXTENDING THE AUDIT DATE DEADLINE.

RESPONSE:

This has been an audit recommendation in the past that the college was not able to rectify due to the limited time the indenture allowed for the annual Bond Audit. Since the college is currently in the process of refinancing this particular indenture with a new indenture which does not have this restrictive time limitation, this should not be a problem in the future.

RECOMMENDATION #3:

WE RECOMMEND THE STAFF OF THE FINANCIAL AID OFFICE REVIEW ALL DISBURSEMENT AND RECEIPT ENTRIES TO ENSURE THEY AGREE WITH THEIR RECORDS.

RESPONSE:

Concur. Procedures have been implemented whereby the Financial Aid Office reviews and signs off before entries are made.

RECOMMENDATION #4:

WE RECOMMEND THE COLLEGE IMPLEMENT PROCEDURES WITH THE STATE DEPARTMENT OF REVENUE TO ENSURE APPROVAL FOR THE WRITING OFF OF UNCOLLECTIBLE ACCOUNTS RECEIVABLE.

RESPONSE:

Concur. Procedures have been implemented where by the college will have prior approval from the Department of Revenue before writing off uncollectible accounts receivable.

RECOMMENDATION #5:

WE RECOMMEND THAT THE COLLEGE COMPLY WITH THE MONTANA OPERATIONS MANUAL, CHAPTER THREE, AND UTILIZE THE REQUIRED STANDARD REQUESTS FOR LEAVE.

RESPONSE:

Partially concur. Upon reviewing the Standard Request for Leave Form, the college did not consider it appropriate for the institution. The personnel office is in the process of developing local policy more suitable for its needs.

RECOMMENDATION #6:

WE RECOMMEND THAT THE COLLEGE REQUIRE THE USE OF WRITTEN REQUESTS FOR SYSTEMS' MAINTENANCE AND DEVELOPMENT. THE REQUESTS SHOULD BE INITIATED AND APPROVED BY THE USERS.

RESPONSE:

Concur. The college is currently developing an Administrative Computing Work Request form for system's maintenance and development.

RECOMMENDATION #7:

WE RECOMMEND THAT THE COLLEGE STAY WITHIN THE REGULATIONS ESTABLISHED FOR THE TITLE IV AID PROGRAM REGARDING CASH NEEDS.

RESPONSE:

Concur. Corrective action has been taken and procedures implemented to satisfy requests for cash per federal regulations.

RECOMMENDATION #8:

WE RECOMMEND THE COLLEGE GENERATE AND KEEP THE CLASS LISTS AT THE 15-DAY POINT OF EACH SEMESTER.

RESPONSE:

Concur. The college has implemented procedures to maintain a class list on the fifteenth day of each semester and at the end of the summer session.

RECOMMENDATION #9:

WE RECOMMEND THE BOARD OF REGENTS RESOLVE THE QUESTION OF LIABILITY RELATED TO STUDENT ORGANIZATIONS AND OBTAIN APPROPRIATE INSURANCE COVERAGE.

RESPONSE:

See Commissioner's Office response.



THE MONTANA UNIVERSITY SYSTEM

33 SOUTH LAST CHANCE GULCH
HELENA, MONTANA 59620-2602
(406) 444-6570

COMMISSIONER OF HIGHER EDUCATION

October 31, 1984

James J. Wosepka, CPA
Charles Bailly and Company
Suite 425
First National Bank Building
Great Falls, Montana 59401

Dear Mr. Wosepka,

Our response to your audit recommendation for Montana Tech is as follows:

RECOMMENDATION

We recommend the Board of Regents resolve the question of liability related to student organizations and obtain appropriate insurance coverage.

RESPONSE

The Commissioner of Higher Education, acting as agent for the Board of Regents, has been attempting to resolve the problem of state liability regarding student organizations. The Insurance Division of the Department of Administration sent out a request for quotation to obtain liability coverage for student organizations last Spring. Only one quotation was received. The single quotation excluded "injury to any person while practicing for or participating in any contest or exhibition of an athletic or sports nature by the named insured including but not limited to: Saddle Club activities, sky diving, rodeos, dances, hunter safety and firearms clubs, scuba diving, and other water activities." (Emphasis my own.)

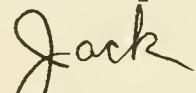
Such a broad exclusion of risk exposure made the quote unacceptable to the campuses. The legal representatives for the students are continuing to meet with our legal staff to devise other alternatives. The student officers are reviewing what other campuses in other states are doing about the problem.

October 31, 1984
Page 2

While a clarification of the liability would be desirable, the history of liability claims or lawsuits involving student organizations and the state is minimal. This may suggest that the liability risks, even though difficult to define, may be minimal. The student organizations appear to have a good record of responsible administration.

Please call if you need further information.

Sincerely,



John H. Noble, Jr.
Deputy Commissioner for
Management and Fiscal Affairs

JHN/llt

